

Why do these numbers mean anything to us? Why does the deficit or the debt mean anything to us? Because it is stealing from our future. We have to do something about it. I think I agree with the Senator from Alabama, that it is a threat to our future, that we could have a crisis come upon us where we cannot manage our debt.

How do we pay for our debt? We can either tax people—most of us think we are already taxed enough already. We are not willing to pay more than 40 percent of our income for taxes. We can borrow. But we borrowed an enormous amount. We now owe the Chinese \$800 billion, the Japanese \$700 billion. The list goes on and on. We owe the Russians nearly \$200 billion. We owe Mexico \$20 billion. The list goes on and on.

Where we were once a great nation that exported goods to the world, our No. 1 export is our debt. But what happens when foreign countries quit buying our debt or when the interest we have to pay them exceeds what we are able to pay? Most of the estimates on what we will be paying or the President's estimates are saying we will have a 3½-percent interest rate. I remember 1979, though, when interest rates went to 21 percent.

If that happens, interest will consume the budget, and we will have very little left for anything else. As it is, the course we are on, if we do nothing, if we just keep spending the way we are spending, entitlements and interest consume the whole budget within a decade. That is with conservative estimates on interest. Imagine what happens if interest rates begin to rise such as they did in the 1970s, and some are predicting this can happen.

Recently, we have been hearing in the newspapers that some members on the other side of the aisle, members of their leadership, are saying: Well, this is all well and good, but those over here, we are mistaken that there is any problem with Social Security. They say Social Security is not adding anything to the debt. They say Social Security is not adding one penny to the debt.

I am pretty new here. But Washington math that says we are not adding to the debt with Social Security is flatly wrong. I have a couple charts with me. Over here is what we bring in, in Social Security taxes, payroll taxes, FICA taxes. Here is what we spend on Social Security recipients. This is what we bring in, this is what we spend.

We are now, for the first time, spending more than we take in. Well, the other side will tell us, they will say: Well, it is not so bad. We have interest payments that fill in the difference. They say Social Security is fine, has all these surpluses. If we go to the Social Security Office, we will find a stack of paper. These are Treasury bills. They are nonnegotiable. They cannot be traded to anyone. We own them, and we pay ourselves interest on the Social Security surplus.

How do we pay the interest? We borrow it from China. So to make up this

difference, for them to say Social Security is on solid footing and that we are simply paying and spending the interest it brings in, it is a lie. The interest is paid by borrowing from China. We are borrowing nearly \$2 trillion a year.

The Senator from Alabama showed us the statistics. Even though the deficit, official deficit, will be like \$1.5 or \$1.6 trillion, the debt limit, if we watch closely, in a month, will go up \$2 trillion—all kinds of things they do not count, off-budget items, money they borrowed from places.

The truth is, we have to wake up and say our entitlements are unsound. Nobody wants to hear that. People say: You cannot be elected by saying that. Well, guess what. It is the truth. If we do not speak the truth to our problems, we will eventually and ultimately encounter a crisis in our country, and I am for averting that crisis.

I think the President has abdicated in his leadership. We have this enormous problem, and he is giving us \$46 trillion worth of spending, annual deficits of \$1 trillion that go to the end of time, and he has abdicated his duty. The entitlement system is broken. I did not break it. I am not responsible for the baby boom. We have all those people who were born after the war, and they are retiring.

It just happened. We have fewer workers. Once upon a time, we had over 50 workers for every retiree. It worked. Once upon a time, people lived with an average life expectancy of 65. Social Security worked in the beginning, worked for many years. We are now down to less than three workers for one retiree. It is not working. We have a huge number of people retiring.

It is nobody's fault. But what we want is leadership. Where is the leadership in Washington to say the entitlements are broken and we have to do something about it? It may not be popular, but can we not say someone should lead? The President is failing us and is not leading. We need leadership. How do we fix Social Security? Here is what happens if we do nothing. Look at the red ink. It piles on. This year alone, we will have to borrow \$37 billion to pay for Social Security. It goes up to over \$100 billion within a decade.

How do we fix Social Security? It is very simple. Everybody knows it, but everybody wants to be quiet. No one wants to say it. I will say it. The age for Social Security will have to gradually rise. I have said it. I have said it repeatedly. I do not want it, necessarily. I do not want to have to do the things we have to do. But someone has to stand and say it has to be done.

We can do it gradually. We can raise the age or allow the age to rise slowly for those 55 and under, and we can fix Social Security by doing that. That alone fixes at least half or more of the problem. We let it rise gradually on the younger people.

There is an alternative. If we stick our heads in the sand and say: Do nothing; we are not touching Social Secu-

rity; we are not touching Medicare; we are afraid to lead; Wait and let the President lead someday, if we do that, the system is run into the ground. It is a problem.

What happened in Greece when they ran into a debt crisis? They changed the age of eligibility for their entitlements overnight. That is much more difficult. When you are 67 and all of a sudden someone tells you, you do not get it for another year, and you planned on it, that is very difficult.

But what if we say gradually, to those my age and younger, tell them they will have to make adjustments because we do not have enough money. You know what, I think young people already realize it. These young people here, if they are listening to this debate, they know Social Security is broken, Medicare is broken. It will not be there for them unless we fix it. So we need to be the responsible adults. We need to fix these problems and they can be.

Next week, I and a couple other Senators will present a fix for Social Security that fixes Social Security in perpetuity. That is a long time, forever. We will fix Social Security by allowing the age to rise gradually on younger people, and, by saying to those who will retire, the younger people, again, that they may not get as much out of it as some other people get. Basically, there will have to be some testing that says, when you are in a higher income bracket, your Social Security payments will not rise as rapidly as some others will.

It is the only way we fix it. But those two changes fix Social Security forever, if we are willing to do it. The question is, if we speak boldly, if we lead, is that a detriment or an asset? I, personally, think it is the right thing to do, but I also think it is an asset. I think the people will understand, when we lead, we have to make difficult choices.

We have been kicking the can down the road, borrowing and borrowing and borrowing. I think we are coming to a point in time where it has to end. It is going to end either voluntarily and gradually, if we can promote a solution, or it can end with a bang. A bang is a crisis. I do not want that to happen. I want it to happen gradually, in a very rational and reasonable manner. I think we can do it.

But I think what we are finding from the other side and from the President is a failure to lead. I propose that we have new leadership, and we are going to need new leadership if we are going to get this debt under control.

At the very least, we need to have this conversation. I am glad we are having it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

ENERGY

Ms. MURKOWSKI. Madam President, clearly some very serious subjects are

being discussed today. I applaud my colleague from Kentucky for bringing up the tough stuff. We cannot escape reality. Our reality is in the entitlements; that we will finally grapple with the insurmountable debt we are faced with as a nation, some very difficult issues in front of us with equally difficult solutions. As we stand and present them, try to educate one another, much less those we represent, this is a critical time for us to be talking about all the issues that need to be on the table.

One of the issues being discussed around family dinner tables is what is happening in this country as it relates to the price of oil and how that translates more personally to American families who, every time they go to fill up the tank, it is costing them more and more. Every time we pick up a newspaper, every time we turn on the TV, we see a story about the rising prices of oil. They are asking: What is going on. They look at the situation in the Middle East and the combination of international events that is driving it. It is also domestic policies that have helped to push oil above \$100 a barrel.

All of us are concerned about what those higher prices mean for us as a nation. We are committed to protecting the American people and our businesses and ensuring we have an ability to deal with rising prices at the same time we are trying to emerge from this difficult recession period. This is a tough time for us.

I have come to floor to outline several steps I believe we can and should take to improve our energy policy.

First, I wish to touch on how we again find ourselves in this situation. The civil unrest we are seeing, the political instability in other nations is certainly not new. They are facts of life in many nations that provide this Nation's imports. Iran now holds OPEC's presidency. They are perfectly comfortable with \$100-a-barrel oil. It is far from guaranteed that OPEC is even capable of moderating any prices in the way it claims it can with spare capacity.

With Libya's supply either offline or unreliable, any other disruption anywhere in the world can likely spike global oil prices to levels that will swamp our economic recovery and result in a genuine hardship for America's families.

It is not only the situation internationally that has brought us to this point. The costs and consequences associated with our dependence on foreign oil are largely our own fault. We have brought this upon ourselves. Over the years our lands have been locked up. Many of our most promising opportunities have been put out of reach. In this country we sit on tremendous oil reserves in the offshore, whether it is up in Alaska, in the Chukchi or Beaufort Seas, or whether it is in the Gulf of Mexico. We have onshore opportunities in my home State that are considerable. We have them in the Rocky

Mountain West. We have massive shale formations that are not even accessible for research and development. We can't even begin to look.

Charles Krauthammer, the columnist, wrote last year:

We haven't run out of safer and more easily accessible sources of oil. We've been run off them. . . .

I couldn't agree more. Today our energy policy has gone beyond frustrating. It is irresponsible. The American people expect their government to help keep energy affordable and to see to it that we can benefit from our natural resource development in a responsible way. That is what they are asking for. They expect us to take an honest look at where increased domestic production is possible, how it can protect against the higher prices we are seeing now, how it can protect against potential supply disruption, and what domestic production will do to increase our security and restore our trade balance.

That is what we are talking about today: generating government revenues, creating jobs. Right now when we import oil, we are exporting those benefits. It is our loss, and it is their gain.

We ignore the positive benefits of domestic production at our own peril. About a month ago we had a hearing in the Energy Committee where there was a statement presented by the Bipartisan Policy Center. It is a pretty sobering reminder to us all. The statement was:

A one-dollar, one-day increase in a barrel of oil takes \$12 million out of the U.S. economy. If tensions in the Mideast cause oil prices to rise by \$5 for even just three months, over \$5 billion will leave the U.S. economy. Obviously, this is not a strategy for creating new jobs.

That was about a month ago. Think about what has happened in the course of a month and where we have seen the price go. About a month ago, it was sitting at about \$82 a barrel. We are now over \$100 a barrel. We are looking at a rise of 20 bucks in the past month. What that means to us in terms of dollars that have been sent outside of our economy is about \$15 billion.

Last year, putting it in context of what went on at that time, we spent an estimated \$337 billion on oil imports, a huge amount of money. As we are talking about how we deal with budget matters and decide which programs and services to continue, to terminate, this has an incredible impact on the discussion.

Today I am renewing my call for a realistic and aggressive approach to our energy challenges. For the sake of our national security, for the sake of our economy, and for the sake of the world's environment, America should produce as much oil as it uses as possible. It is this balance, in concert with the resulting revenues we will see, the benefits to manufacturing and transportation industries, that will allow us to take control of our energy future.

I have five concepts that will support greater domestic oil production. I will

speak very briefly because we will have time to develop this.

First, look north, north to Alaska. We used to have that on our license plates. We have an incredible supply of oil waiting to be tapped for the good of the Nation. The National Petroleum Reserve-Alaska is sitting there waiting. Two thousand acres of the non-wilderness portion of the Arctic National Wildlife Refuge and the Chukchi and Beaufort Seas hold at least 40 billion barrels of recoverable oil. That is enough to replace crude imports from the Persian Gulf for over 65 years. We can do this in one State. We have those opportunities in Alaska. All three areas right now, as we speak, are effectively off-limits to new development because of decisions made by this administration or prior administrations. We have an opportunity if we just look north.

Second, end the "permitorium" and bring back production in the Gulf of Mexico. This administration has slowed permits for new deepwater development to practically a crawl. The Secretary of the Interior announced one new permit a couple days ago. That is a start, but we are just barely crawling. This could cost the United States an estimated 200,000 barrels of new supply if left in place for a year, far more if left in place longer, and tens of thousands of jobs in the meantime. Courts have also ruled repeatedly that the administration's "permitorium" is unlawful. A district court judge ruled last year that it was "arbitrary and capricious." More recently the Interior Department was actually held in contempt for its "dismissive conduct" and "determined disregard"—the words of the court—of previous orders to end this de facto moratorium.

The third item we can do is cut red-tape. Let's make this work. In January the President ordered his executive agencies to review their regulations to ensure that they are cost-effective, that they are not unduly damaging economic growth and job creation. A great task. The Interior Department, though, is sitting in a situation where they have an awful lot of work to do.

In late 2008, the Interior Department stated that "the number of required plan and permit approvals is on the order of about 25 to 30" for a typical oil lease. Yet over the past 2 years, instead of reducing that, this administration has sought to add even more layers to these already significant requirements which are a major reason leaseholders need years to begin production. We just can't get to it.

Fourth, we need to look at how we as a nation consider this all-of-the-above energy policy. The alternatives to conventional oil, to natural gas, to coal should not be limited to the favored sources: wind, solar, geothermal. We have so much we can be doing. We recognize that. I have stood before this body on many occasions talking about the different ways we can build our energy portfolio, how we can work to

move the transportation fleet to that next generation, whether it is electric vehicles or fleets powered by natural gas.

The final item in terms of what we can do to help address our Nation's energy policy is to shelve bad ideas. There is an awful lot of bad ideas holding us up. This is the stop-the-bleeding element of the proposal. With oil prices on the rise, the administration and many in Congress seem to have forgotten that the oil industry actually provides Americans with energy and jobs. Yet sometimes they are viewed as an untapped source of government revenues.

Proposals to take more from oil companies have included a range of tax increases, the use-it-or-lose-it proposal and similar fees, and substantially shorter lease terms. All of these antiproduction efforts deprive companies of stable operating environments and reduce their willingness to invest in America. We need to look at what we are doing. If they are bad ideas, let's set the bad ideas aside. Let's adopt a constructive approach instead of seeking to punish. Let's figure out a better way forward so we can tap into more of America's vast resources and then make good use of the resulting revenues.

We clearly do have options. I look forward to discussing them more in detail, how we can develop these goals of a national energy policy. For today, I emphasize that responsible domestic production will reduce our energy prices, create jobs, improve security, raise revenue to pay down debt, and allow America to invest in technologies for the future. We cannot afford to wait on any of these benefits.

I urge Members, as we talk about ways to reduce our budget, ways to create more jobs for the country, we need to look critically at what is happening with our energy policy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

THE BUDGET

Mr. ISAKSON. Madam President, on June 27, 2010, President Obama made the following statement:

I hope some of those folks who are hollering about deficits and debt will step up, because I'm calling their bluff.

I am stepping up. At the same time, I also want to call the President's bluff. I think we are at a serious point in time in our history, and we need to be realistic about what confronts us ahead of time.

The biggest bluff this year in the Congress was the 2012 budget presented by the President which did not take any of the recommendations from his own deficit commission—by the way, I was one of the Republicans who supported that—and instead locked in a 25.4-percent increase in spending over the last 2 years and made it permanent by calling it a freeze. It raises taxes in

the outyears and dedicates a higher regulatory environment in the United States of America. None of that does anything to reduce the debt or the deficit. In fact, the President's budget actually makes it worse.

But it is fair to ask people to step up. The American people are asking us to step up. They want us to do what they have been doing in the last 3 years: sit around their kitchen table, reorganize their priorities, spend within their means, and reduce their debt and the deficit. The very least they should ask of their country is their country to do the same thing they have had to do. In large measure, we have been the contributor to the protracted nature of the current recession.

Now, everybody knows there are two ways to reduce the deficit in the short run and the debt in the long run. One way is to cut spending. But that is not the only way. Another way is to raise revenue and increase income. And that is not just by raising a tax, that is by improving business opportunity and the expansion of opportunity in America. There is a third way: by changing the processes by which we regulate and make decisions, by looking at reforms that in the outyears make a difference for all of us.

On the spending side, the spending cuts are going to be difficult. They are going to be modest compared to what our deficit really is. But they are going to send a signal to the world that we are finally going to get serious about our spending level, and the majority of the rest of the world already has—whether it is Great Britain or many of the other countries in the European Union.

So spending cuts are important. But spending cuts in and of themselves will not solve the entire problem. In fact, H.R. 1, in the House, which made reductions of \$61 billion, was a modest start at a long-term process. But it sent us in the right direction, and it called the bluff the President was talking about by making real, significant proposals.

Secondly, in terms of raising revenue, we raise revenue by expanding opportunity, not by raising the rate of tax, but, as his deficit commission said, by lowering the rate of tax, doing away with deductions that are specialized and targeted in nature and giving business the encouragement to expand.

A funny thing happened to me on January 3 of this year in Atlanta, GA, right after the first of January. I went to the OK Cafe in downtown Buckhead, GA, for a breakfast. That is the gathering place for most Atlanta businesspeople on the north side of town. I was going to have a business meeting, and Steve Hennessy walked in, one of the largest automobile dealers in the United States. He happened to come up to me. He rushed toward me. He had his arms open. I thought I was going to get a good luck hug, a "go to Washington and do a good job" type speech. Instead, he put his finger right

on my nose and said: JOHNNY, I just had to hire two compliance officers to comply with Dodd-Frank, and I lost a salesman. I am spending more money complying and less money producing.

That is one of the things this administration has done in tremendous quantity to put us in a very difficult situation. Every agency is promulgating rules and regulations at a rapid rate—regulations that to comply with cost new employees, more expense in operating a business, and less capital investment in what that business does.

It is very important that the President understand what happens; that is, regulation has consequences. Right now the regulatory volume of the United States being proposed by this administration is unsustainable. It is costly, and it increases the debt and the deficit of the United States of America. Quite frankly, it is a reach far beyond where government should go.

I am the first person to support occupational safety, the first person to support financial security, the first person to support transparency. I will always fight to see that our government is transparent and our rules are fair and our occupational safety is good. But to overreach, to go beyond our reach, is just wrong.

I will give you a couple of examples. Georgia is a large agricultural State. Yesterday I was with some cotton farmers who were bemoaning the fact of the most recent proposal to regulate agricultural dust. The EPA actually wants to regulate the dust created by a plow or a tractor or a truck on a dirt road on a farm, to say that the farmer must make sure that dust stays within the confines of his hedge row or his fence line—meaning we are going to try to control nature? Well, how is he going to do it? By hiring water trucks to follow behind his tractor to tamp down the dust? That is a reach too far.

To categorize milk as oil and to say farmers who run dairies have to have storage tanks for milk that are equivalent to storage tanks for petroleum, that is just crazy. It is a reach too far, and it makes the ability to do business tougher, the ability to make a profit more impossible, the amount of revenue produced less because it is less profitable, and it protracts our debt and our deficit problem.

So when the President talks about calling bluffs, I am willing to do it. I am willing to sit down and talk about the hard issues. In fact, I am willing to tell the story about how in certain measure myself and everybody else born after 1943 in America is an example of some of the things we need to do.

In 1983, I was 39 years old. Social Security sent out their annual report on the stability of the Social Security fund and said it was going broke; that if we did not do something we were going to run out of Social Security benefits in the early 2000s.

Well, that worried everybody. But Tip O'Neill, a great Speaker and a